

1 PURPOSE

- 1.1 To present to the Council an Annual Report on the 2017/18 operations of the Audit Committee.

2 RECOMMENDATIONS

- 2.1 That members note the contents of the annual report 2017/18.

3 SUMMARY

- 3.1 The Audit Committee is part of the Council's governance and assurance arrangements. The key benefits of the Audit Committee are:
- ✓ Raising awareness on the need for and benefits arising from good governance (including risk management) and internal control including the implementation of both internal and external audit recommendations.
 - ✓ Demonstrating the objectivity and fairness of financial and other reporting.
 - ✓ Reinforcing the importance and independence of internal and external audit.
 - ✓ Providing additional assurance through a process of independent and objective review by a cross party group of elected Members who can, and do, challenge Cabinet Members and Senior Officers.
- 3.2 As the key assurance Committee of the Council it is best practice that an Annual Report is presented to the Council on the operations of the Committee during the municipal year (May 2017 – April 2018). The structure of the report is based on the terms of reference and includes a summary of the business conducted by the Committee during the period (attached as Appendix A).
- 3.3 There were 3 meetings of the Audit Committee in 2017/18 each with comprehensive agendas. In addition to the scheduled meetings, there is also the opportunity to call additional meetings whenever required by Members between the scheduled meetings in June, September and January.

4 PREVIOUS MINUTES

- 4.1 Audit Committee - 15th September 2015; 20th September 2016; 19th September 2017
Council - 1st October 2015, 24 November 2016, 23rd November 2017

5 INFORMATION – AUDIT COMMITTEE 2017/18

5.1 Internal Audit

5.1.1 The Internal Audit team has continued to provide the Committee with reports on work undertaken as outlined in the Public Sector Internal Audit Standards (PSIAS - effective from April 2013) and Constitution, highlighting any areas requiring attention by Members.

5.1.2 The Internal Audit Plan for 2017/18 was approved by the Committee at the June 2017 meeting and the Internal Audit Charter for 2017/18 was approved by the Committee at the January 2018 meeting.

5.2 External Audit

5.2.1 The External Auditors – KPMG have made their reports to the Committee as required by legislation, accounting standards and the external audit code of practice.

5.3 External PSIAS Assessment

5.3.1 Members were given a verbal update on the External Auditor procurement.

5.4 Governance

5.4.1 The Annual Governance Statement 2016/17 was approved at the June meeting after consideration of the supporting information.

5.4.2 The January meeting reviewed the Council's Strategic Risk Register.

5.4.3 The 2016/17 Information Governance annual report was presented to the Committee in June 2017. An Information Governance update report was provided for April – July 2017 at the September meeting. This included an update from the Caldicott Guardian.

5.5 Treasury Management

5.5.1 The Committee received the annual report 2016/17, in year updates for 2017/18 and reviewed the 2018/19 strategy prior to approval by Cabinet.

5.6 Statement of Accounts 2016/17

5.6.1 The Statement of Accounts was approved by the Committee following external audit at the September 2017 meeting. As in previous years the approval meeting was preceded by a training session with key Finance staff who explained the statements and the changes that had occurred during 2016/17.

5.6.2 There was an update to the September 2017 meeting in respect to the Council's capital receipts position.

5.7 Anti-Fraud & Corruption

5.7.1 The annual report on the Anti-Fraud & Corruption Policy and Policy update was received in June 2017.

5.8 General

5.8.1 The Committee reviewed its Terms of Reference at its first meeting of the municipal year as set out in the Constitution.

5.9 Conclusions for 2017/18 and the future 2018/19

- 5.9.1 The Committee has considered comprehensive agendas in order to provide assurance for Members and the community on the audit, governance (including information governance), risk management, financial statements, treasury management, complaints and anti-fraud and corruption arrangements of the Council. Many challenging questions have been asked by Members who have required senior officers to attend and give account for decisions taken and progress in implementing both internal and external audit recommendations.
- 5.9.2 The Committee recognises that the Council is continuing to experience some significant challenges and that it must continue to seek and provide appropriate assurance during 2017/18. Most notable are the organisational changes, continued significant reductions in resources and the more commercial approach being adopted by the Council.

6 OTHER CONSIDERATIONS

| AREA | COMMENTS |
|---------------------------------|---|
| Equal Opportunities | Internal reports to the Committee consider any appropriate equalities/diversity issues. If raised during the meeting they would be referred to the appropriate officer and if required cabinet member. |
| Environmental Impact | Internal reports to the Committee consider any appropriate sustainability issues. If raised during the meeting they would be referred to the appropriate officer and if required cabinet member. |
| Legal Implications | The work undertaken by the Audit Committee during the year 2017/18 assists in ensuring that the Council complies with the statutory requirements set out in the Accounts and Audit Regulations 2015. |
| Links with Corporate Priorities | The Audit Committee contributes to good governance and the assurance framework. The work of the Committee links to all Council priorities. |
| Risks and Opportunities | The Audit Committee has an assurance role in the management of the Council's risks and opportunities. The Chairman of the Committee is responsible for the management of the risks and opportunities associated with the committee but supported by appropriate officers. |
| Financial Implications | The Section 151 officer has a responsibility to ensure that the council has effective internal audit arrangements in place. This report helps to demonstrate that this is the case. There are no financial implications arising from this report. The Audit Committee and support arrangements are fully funded from within existing budgets. |
| Ward Implications | The operations of the Audit Committee encompass all Council activities and all Council locations. Therefore all Council Wards are affected by its operations. |

7 BACKGROUND PAPERS

Audit Committee Papers 2017/18 (including minutes)

Constitution

Constitution Committee, Full Council – appropriate agenda's, papers and minutes

Report by Suzanne Dodd, Governance & Legal SDM 383255

| Area | Activity |
|-------------------------------|---|
| Internal Audit | Internal Audit Annual Report 2016/17 Quarter 4 2016/17 Update report Internal Audit Plan 2017/18 Quarter 1 2017/18 Update report Quarter 2 2017/18 Update report Quarter 3 2018/18 Update report Changes to Internal Audit Charter for 2018/19 |
| External Audit | External Audit Fee Letter 2017/18 KPMG Interim Report 2016/17 Annual Governance Report 2016/17 Annual External Audit Letter 2016/17 External Audit Plan Letter 2017/18 Grant Report 2016/17 Appointment of External Auditors for April 2018 Onwards |
| Governance | Annual Governance Statement (AGS) 2016/17 Half yearly progress on the 2016/17 AGS Action Plan Review of the Strategic Risk Register September 2017 Information Governance Annual Report 2016/17 Information Governance Update Report April to July 2017 Information Governance Work programme 2017/18 Caldicott Guardian Annual Report 2016/17 Publication of Information on Councillors who Traded with the Council during 2016/17 Audit Committee Annual Report 2016/17 |
| Treasury Management | Treasury Management – 2016/17 Annual report and 2017/18 update Treasury Management Outturn report 2017/18 & 2018/19 update report Draft 2018/19 Treasury Management Strategy and update 2017/18 Verbal presentation from Councils Treasury Advisors on implications for Council of the UK's exit from the EU |
| Statement of Accounts | Draft Statement of Accounts 2017/18 Approval of the audited Statement of Accounts 2016/17 Capital receipts update September 2017 |
| Fraud & Corruption | 2016/17 Annual Report on Corporate Anti-Fraud & Corruption Policy and Policy update |
| General | Terms of Reference reviewed Results of Survey of Effectiveness of the Audit Committee Outline Audit Committee Business 2017/18 |